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Point of order.

* SRI VAVILALA GOPALAKRISHNAIAH :—“ I rise on a point of order, Sir. Rule 138 (1) of the Assembly Rules lays down—

‘ 138 (1) As soon as may be after the commencement of the first session of each Assembly, a committee on Public Accounts shall be constituted for the purpose of dealing with the reports of the Comptroller and Auditor-General relating to the appropriation accounts of the State and such other matters as the Finance Department may refer to the Committee.’

We are now just at the end of the first session. The Committee is not elected. I think it will be improper for us to leave the Assembly without electing a Committee. Because, the old Committee ceased to exist with the commencement of the session, the committee must be constituted now or else it will be out of order.”

MR. SPEAKER :—“ This is no point of order at all.”

IV.—GOVERNMENT BILL.

THE MADRAS TOBACCO (TAXATION OF SALES AND REGISTRATION) BILL, 1953—*cont.*

Clause 2.

MR. SPEAKER :—“ The House will now take up the consideration of the Bill clause by clause. The motion is :—

‘ That Clause 2 do stand part of the Bill.’ ”

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ Sir, I move the amendment standing in my name, namely,—

‘ In Clause 2 (8) after the words “ Presidency Magistrate ” insert the word “ or ”.’

This is necessary to set right the grammatical error.”

MR. SPEAKER :—“ The question is—

‘ In Clause 2 (8) after the words “ Presidency Magistrate ” insert the word “ or ”.’ ”

The amendment was put and carried.

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ Sir, I move the amendment standing in my name, namely,—

‘ In Clause 2, item (13), line (2), for the word “ taxed ” substitute the words “ liable to tax.” ’ ”

MR. SPEAKER :—The question is—

‘ In Clause 2, item (13), line 2, for the word “ taxed ” substitute the words “ liable to tax ”.’ ”

The amendment was put and carried.

SRI D. SEETHARAMIAH :—“ Mr. Speaker, Sir, I move the amendment standing in my name, namely,—

‘ In Clause 2 (13) after the words “ cigarette tobacco ” occurring in the last line, insert the words “ in the form of powder ”.’

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Instead of saying 'tinned tobacco in the form of powder', it is stated here 'cigarette tobacco'. It is very ambiguous. Tobacco which is used for finer varieties or for preparation of cigarettes will also come under this definition. Therefore, to make it clear, I want that my amendment should be accepted."

The amendment was duly seconded.

MR. SPEAKER :—"The motion is—

'In Clause 2 (13) *after* the words "cigarette tobacco" occurring in the last line, *insert* the words "in the form of powder",."

* THE HON. SRI C. RAJAGOPALACHARI :—"It is merely a question of language. Cigarette tobacco is exactly what we all know. It is not necessary to say 'in the form of powder', and it is not really powder."

MR. SPEAKER :—"Is the hon. Member Mr. Seetharamiah withdrawing his amendment?"

SRI D. SEETHARAMIAH :—"I must know what the Government have to say on my amendment. Then only I can withdraw."

MR. SPEAKER :—"The Hon. the Chief Minister has already explained."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—"Sir, probably the hon. Member is imagining that this 'cigarette tobacco' will include leaf tobacco also, and that it includes unmanufactured tobacco too. Actually, cigarette tobacco is that which is manufactured and is ready to be rolled into cigarette. Only such tobacco will be taxed. Whether it is in tins or in packages, it will be taxed. If we say to-day 'tins', tomorrow they might change over to packages made of glazed paper. So, we have used the words 'cigarette tobacco'. This explanation, I hope, satisfies the hon. Member. Our intentions are quite clear. Therefore, the hon. Member may withdraw his amendment."

The amendment of Sri D. Seetharamiah was, by leave, withdrawn.

* SRI K. VENKAIAH :—"Sir, I move the amendment standing in my name, namely—

'Delete sub-clause (14) of Clause 2.'

Sir, manufactured tobacco is defined in this sub-clause. I propose that tobacco may also be defined in the same manner so that the leaf tobacco dealers may be exempt from this clause. Clause 3 requires the leaf tobacco dealers to register themselves. Clause 9 requires them to maintain accounts. I think they are not at all the people to be taxed. They have to pay something towards the registration fee. Now the leaf tobacco business is in a crisis, and to tax the tobacco dealer is not quite good. At present the tobacco dealers require help, and they ought not to be saddled with any

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burden of tax. So, I request the Hon. Minister to define tobacco and the manufactured tobacco in the same manner so that the leaf tobacco dealers may be exempt from the provisions of this Act."

The amendment was duly seconded.

MR. SPEAKER :—" The motion is—

'Delete sub-clause (14) of Clause 2.' "

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" I see that the hon. Member wants to combine sub-clauses (9) and (14) together. But here there is a slight difference between the two sub-clauses. Sub-clause (9) defines 'manufactured tobacco' to mean, 'cigars, cheroots, cigarettes, cigarette tobacco, pipe tobacco, beedies and snuff, but does not include any preparation or mixture of tobacco intended for a further process of manufacture'. Sub-clause (14) says: "tobacco" includes every form of tobacco, that is to say, manufactured, cured, or uncured tobacco, any preparation or mixture of tobacco and the leaf of the tobacco plant'. It is better to retain the two separate definitions so that there may not be confusion. Clarity is always better. To combine these two sub-clauses will create confusion."

* SRI K. VENKAIAH :—" Sir, leaf tobacco is not going to be taxed. There is no need for such dealers to get themselves registered and to maintain accounts. Therefore, if my amendment is accepted, it will save the leaf tobacco dealer from the burdens of this Bill."

9-50
a.m.

* THE HON. SRI C. RAJAGOPALACHARI :—" Sir, the hon. Member need not mix it up with the actual provisions of taxation, registration, etc. It is better in an enactment to keep these two things separate so that, if incidentally rules or other things refer to these matters, there may be no confusion. There is no harm whatsoever in having these two definitions separately."

MR. SPEAKER :—" The question is—

'Delete sub-clause (14) of Clause 2.' "

The amendment was then put and lost.

* SRI K. VENKAIAH :—" Sir, I move the following amendment :—

'In clause 2, sub-clause (15), after the words "a wholesale dealer" delete the words "a retail dealer" and between the words "a grower" and "and the words" insert the words "a retail dealer".'

"The object of this amendment is to relieve the retail dealer from the burdens of registration and maintenance of accounts. The wholesale dealers can maintain accounts and they may be asked to register themselves under this enactment. But there is no necessity for the retail dealer to register himself under this

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Bill. I think the retail dealer is already overburdened and the trade is in a crisis. It is better, therefore, to relieve him of these burdens."

SRI G. SATYANARAYANA :—" I second the amendment, Sir."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, this is only a definition wherein we include the types of tobacco dealers who have got to register themselves under this Bill. We are not going to collect tax from the retail dealers in general. The only question is who is the person from whom the tax should be collected; generally it is the wholesaler or the next man who buys from the wholesaler. We must know who are all dealing in the trade. After all, the fee is only one rupee for a year and it is not much."

MR. SPEAKER :—" The question is—

'In clause 2, sub-clause (15), after the words "a wholesale dealer" delete the words "a retail dealer" and between the words "a grower" and "and the words" insert the words "a retail dealer".'

The amendment was put and lost.

SRI T. C. NARAYANA NAMBIAR :—" Sir, I move the following amendment which stands in my name :—

'In clause 2, sub-clause (15), for the words "but does not include a grower", substitute the words "excluding a grower or a casual retail dealer".'

"Sir, there are certain people who invest some three or four rupees in their business during the time of some conferences or festivals which are very frequent in our country. If such people are asked to pay a registration fee of one rupee, it will be rather unfortunate."

* THE HON. SRI C. RAJAGOPALACHARI :—" Sir, there are a number of amendments to change the definitions. These are all connected with a desire to get a substantial change in regard to registration fee and the tax. We need not concentrate on definitions for that purpose. So far as the classes of people referred to by the hon. Member Sri Narayanan Nambiar are concerned, that is, people in the rural areas who do business moving about without any definite place of business like the shopkeeper but try to do small business on the roads or in the shandy markets and the like, it is the intention of the Government to introduce an amendment to exclude them from the rules relating to registration. So, we need not now concentrate on the definitions for that purpose and we will deal with it when the substance comes up for discussion."

The amendment was, by leave of the House, withdrawn.

Clause 2, as amended, was put and carried.

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Clause 3.

MR. SPEAKER :—" I will take up the amendment of the hon. the Leader of the Opposition at the end."

SRI K. RANGA RAO :—" Sir, I move the following amendment which stands in my name :—

' For the existing sub-clause (2) of clause 3, substitute the following :—

" (2) Every person manufacturing cigars, cheroots, cigarettes, cigarette tobacco, pipe tobacco shall apply for registration in the prescribed form to the Tobacco Officer ". "

The amendment was duly seconded.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, this clause is intended only to get all persons doing business in tobacco registered. There is no harm in allowing the clause as it stands. So, I oppose the amendment."

The amendment was, by leave of the House, withdrawn.

SRI M. NARAYANASWAMI :—" Sir, I move the following amendment which stands in my name :—

' For the existing sub-clause (2) of clause 3, substitute the following :—

" (2) Every person doing tobacco business shall apply in local vernacular language to the officer concerned. "

" Sir, it is not necessary for the dealer to apply for registration in a prescribed form. It has been found very difficult for the growers with regard to the Central Excise Act to approach the officer, get the form and fill it in the English language. The case is different with regard to traders, for they may be literate. So, I move the amendment in order to enable these people to apply in any form."

SRI K. GOVINDA RAO :—" I second the amendment, Sir."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, I may assure the hon. Member that forms will be supplied in the local languages and, therefore, there may not be any difficulty whatsoever. It is good that people apply in a particular prescribed form. The rules will provide that forms should be supplied in all local languages. No amendment is necessary."

(Sri K. Vinayakam rose.)

MR. SPEAKER :—" The hon. Member has no right to speak after the Hon. Minister has replied. I have to follow the rules in these matters."

SRI K. VINAYAKAM :—" On a point of information, Sir, the Hon. Minister was kind enough to say that forms will be supplied in all the Provincial languages that are spoken in the

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particular area. In a district like Chittoor which is a bilingual area, will he be pleased to supply forms in both Tamil and Telugu? "

THE HON. SRI C. RAJAGOPALACHARI:—" I appeal to Mr. Vinayakam and his friends to have a sense of proportion."

SRI K. VINAYAKAM:—" What exactly does he mean by sense of proportion, Sir? "

THE HON. SRI C. RAJAGOPALACHARI:—" We need not raise more important issues in this trifling matter."

SRI K. VINAYAKAM:—" The difficulty which has been experienced by the residents of Chittoor is a thing which the Chief Minister cannot easily appreciate. I am one of those who are suffering from this difficulty. He must give an assurance that forms in both the languages will be supplied."

* THE HON. SRI C. RAJAGOPALACHARI:—" As a matter of interest, the hon. Member Mr. Vinayakam may understand that I am in a more multilingual area myself than he is and I understand the difficulties of people. The Government have from time immemorial provided facilities to meet such difficulties."

SRI K. VINAYAKAM:—" They have not provided."

MR. SPEAKER:—" I shall put the amendment to vote. The question is—

For the existing sub-clause, substitute the following:—

" (2) Every person doing tobacco business shall apply in local vernacular language to the officer concerned! " " "

The amendment was put and lost.

* SRI S. RAMALINGAM:—" Sir, I move—

Between the words " in " and " tobacco " insert the word " taxed " and delete the brackets and words "(Taxed and untaxed)" and add the following after the word " untaxed " : " as wholesale dealer, wholesale-cum-retail dealer, broker, or commission agent."

I move this amendment so that only dealers in taxed tobacco may apply for registration and get registered. The Government themselves say that others need not be taxed. I want that those who are paying no tax need not be registered and put to unnecessary trouble."

The amendment was duly seconded.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO:—" Actually, Sir, it is necessary to know who are all dealing in tobacco. It is not the intention of the Government to tax everybody. We must have a list of persons in the trade. For this purpose only we have included this provision and I feel it is unnecessary to amend it. I request the hon. Member to withdraw his amendment. We are, in fact, going to make rules to see that

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there is no hardship or harassment felt by any of the hawkers or those who trade in shandies. We will not give them any trouble whatsoever."

SRI S. RAMALINGAM :—" On the assurance given by the Hon. the Minister, I withdraw my amendment."

The amendment was, by leave of the House, withdrawn.

SRI K. P. GOPALAN :—" Sir, I move—

' Add the following words at the end :—

" Within a week after the intimation with necessary vouchers of the payment of the fee." "

The amendment was duly seconded.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" We are bound to issue a certificate probably within a week. A week is not a long period of time. When we receive fees, we are bound to issue the certificate and I do not think the sub-clause needs to be amended."

SRI K. P. GOPALAN :—" I withdraw my amendment."

The amendment was, by leave of the House, withdrawn.

Sub-clause (4).

SRI K. RANGA RAO :—" Sir, I move—

' For the existing sub-clause, substitute the following :—

" (4) The fee shall be Rs. 5 for manufacturer to be registered." "

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARI :—" The hon. Member wants to reduce the registration fee for big folk. I do not think we can accept the amendment. Rupees ten is all right."

MR. SPEAKER :—" There are some amendments similar to this. Hon. Members who have given notice of such amendments may move them so that all may be discussed together and I shall put them to vote at the end."

SRI D. SEETHARAMIAH :—" Sir, I move—

' For the words and figure " the fee shall be rupee 1 " substitute the words " the fee shall be annas two "."

My objection is that registration of retail dealers and wholesalers is unnecessary in view of the fact that the Central Government themselves are insisting upon such a process and collecting one rupee from each dealer by way of stampage, etc. It is quite a burden on the dealers already and to require them to pay another

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rupee is not fair. Two annas will be all right. They form a large number and it will really help the retailers particularly if we reduce it to two annas."

The amendment was duly seconded.

SRI D. SEETHARAMIAH :—" Sir, I also move—

'For the words and figures "Rs. 10 for a wholesale dealer" substitute the words and figure "Rs. 2 for a wholesale dealer".'

This fee is also quite unnecessary. Then Rs. 10 is too much. Even ordinary people may be called wholesale dealers if they buy in a lump and sell. Such people constitute a large number. Therefore to charge ten rupees is an exaction. The amount should be reduced to Rs. 2 and I hope the Government will accept the amendment."

The amendment was duly seconded.

* SRI K. GOVINDA RAO :—" Sir, I move—

'For the words and figure "the fee shall be Re. 1" substitute the words and figure "the fee shall be annas 8"; and

'For the words and figures "Rs. 10 for a wholesale dealer" substitute the words and figure "Rs. 5 for a wholesale dealer".'

Sir, these are very important amendments. The existing provision, though it seemingly affects the dealers, will ultimately affect the consumer. My point is whether it is levy of a tax or a registration fee, the entire burden will be shifted on to the consumer and we have seen it is so in respect of sales tax on cloth, etc. The consumer is already over-burdened and his position should not be made more difficult. I hope the Government will accept my amendments as the existing provision not only affects the dealer but the consumer as well. If left as it is, the consumer's position will become worse."

The amendments were duly seconded.

10-10 a.m. SRI G. SATYANARAYANA :—" Sir, I beg to move the amendments standing in my name, namely :—

'For the word and figures "Rs. 10" substitute the word and figure "Rs. 8".'

'For the word and figures "Rs. 10" substitute the word figures "annas 12".'

The amendments were duly seconded.

SRI D. SEETHARAMIAH :—" I beg to move, Sir, the following amendment :—

'For the words and figure "The fee shall be Re. 1 for any retail dealer in tobacco and" substitute the words "The fee shall be".'

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"The idea is to remove entirely from the scope of the taxation or registration, the small retail dealer. That is why I have moved the amendment. If it is quite necessary the Government can tax the wholesaler but not the retail dealer. Therefore it is that I want the retail dealer to be completely exempted from the purview of taxation or registration."

The amendment was duly seconded.

* SRI K. VENKAIAH :—"I beg to move, Sir, the following amendment :—

Delete the words "Re. 1 for any retail dealer in tobacco and" and add at the end of the clause the following words "in tobacco".

"In moving the amendment I suggest to the Government that if they want a list of retail dealers they can get it from the Excise department. Just to have a list of retail dealers it is not good to force the retail dealers to register themselves and maintain accounts. So I would request the Minister to delete the portion I have referred to and add the words 'in tobacco'."

SRI M. NARAYANASWAMI :—"In seconding the amendment I submit that the provision contained in the clause will unnecessarily create scare among the retail dealers while the amount that the Government will get is only Re. 1. So I suggest that it can be omitted."

* SRI S. RAMALINGAM :—"I beg to move the following amendment, Sir :—

Delete the words "Re. 1 . . . and".

"There are so many small retail dealers including female dealers. If the Government want them to pay a rupee and also submit accounts, it will be impossible for them to do so. Therefore I request the Government to withdraw these provisions and say that they need not register themselves and submit accounts periodically."

The amendment was duly seconded.

SRI B. K. NALLASWAMI :—"I beg to move—

In clause 3, sub-clause (4) after the words "retail dealer" add the word "broker"; and after the words "wholesale-cum-retail dealer" delete the word "broker".

"The Hon. Minister agreed beyond all doubt that the registration of the non-taxed tobacco dealers is intended only to have a list of these dealers. He has no intention to levy any fees for the sake of getting revenue. As such the clause must go as it is. Under this clause non-taxed tobacco dealers also have to submit accounts periodically which is also unnecessary from the point of view of the Hon. Minister himself. So I feel this is unnecessarily

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imposed on the non-taxed tobacco dealers. So I request the Hon. Minister to accept the amendment so that these dealers may be freed from taxation and registration."

The amendment was duly seconded.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, after hearing the hon. Members on the amendments they have moved to sub-clause (4) of clause 3, I wish to say that the registration fee is only Re. 1 for the whole year for a retailer. I hope hon. Members would agree that Re. 1 for the whole year is not too much for dealers in tobacco. I might also mention that even the forms and posting of certificates would cost something to the Government. The registration is going to be done practically at his door. Therefore they need not grudge paying this small fees, and no inconvenience would be caused to them. I feel Re. 1 is a reasonable fee. I have already explained that in certain cases where the dealers are poorer class of people going about selling in the streets and villages in headloads, they will be exempted from this by inserting necessary provisions in the Rules to be framed under the Act. They need not register themselves. But others who deal in tobacco must register themselves so that the Government may know who are all dealing in tobacco. I am therefore sure hon. Members will agree with me when I say, that the fee is reasonable and the clause may be accepted as it is.

" Sir, the other amendments are for reducing the licence fee of wholesale dealers to Rs. 2, Rs. 5 or Rs. 8. It is argued that it will be reasonable if the fee is reduced to Rs. 8. When Rs. 8 is considered reasonable for the whole year, I do not think that Rs. 10 is really unreasonable. I think the hon. Member who moved for the reduction of licence fees to Rs. 8 argued that the Indian National Tobacco Company and others were making a good lot of money by way of profits and all that. Is it therefore unfair to charge the wholesalers Rs. 10 per year—most of these people come under that category. This sum of Rs. 10 is nothing compared to the huge profits made by them. Therefore, I hope hon. Members would agree with me when I say, the clause may be accepted as it is.

" Sir, the hon. Member Sri Ramalingam referred to the difficulties in maintaining accounts. I have referred to it previously. I assure him once again that accounts will not be insisted upon from each and every person. Mostly we want to examine the accounts of the wholesalers only for locating the first sale. Some dealers are in Bangalore and other States and sales are effected to stockists here. In such cases we want to scrutinize the first sale accounts to know from whom they have bought and not to examine to which consumer they have sold. We are not interested in subsequent sales. We are interested to know where exactly they got the stock from and which is the first sale. Only for that purpose we want the maintenance of

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accounts. This will not cause any difficulty or hardship. I hope after hearing this explanation hon. Members would accept the clause as it is."

SRI VAVILALA GOPALAKRISHNAIAH :—" The Hon. Minister said that Government would exempt lower strata of the business people. Are the Government going to amend the Bill accordingly? "

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" It will be done under the Rules."

SRI VAVILALA GOPALAKRISHNAIAH :—" They may or may not do it under the Rules. Why not make it in the Act itself? "

* THE HON. SRI C. RAJAGOPALACHARI :—" Sir, the point that has been dwelt upon is the inconvenience that would be caused by maintenance and submission of accounts. The answer of the Hon. Minister is that we will not prescribe such accounts as will deal with the further trade of the retail dealer. All the accounts that we shall prescribe under the Rules to be framed under the Act will be accounts which will serve to check the taxation, that is to say, we must have accounts of the buyer and the seller at the first point where we tax so that they may be checked properly and traced properly. Any subsequent transaction of the dealer, in his capacity as a retailer, will not come under the prescribed accounts again. It will be free. That is the exact position."

SRI D. SEETHARAMIAH :—" Sir, the Hon. Minister told us that he would exempt small retail dealers from the operation of this sub-clause. I want an assurance from the Hon. Minister as to how much quantum of business he would exempt for each retail dealer. If it is two maunds a month, the exemption would be very helpful to the small retail dealers or hawkers or pedlars. Therefore I want the Hon. Minister to tell us the quantum of business on which exemption will be given. Again he told us that the big wholesalers like the I.L.T.D. Company were earning huge profits and therefore the registration fee of Rs. 10 was not much. I agree and in fact I advocate that it should be even Rs. 1,000 which is reasonable for such big concerns. If the Hon. Minister had come forward with such a proposal, we on this side of the House would have earnestly supported it. Instead he was trying to level all the people, the big wholesalers and the small retail dealers alike, by fixing a uniform rate of Rs. 10 as registration fee. I therefore request the Hon. Minister to accept my amendments."

* THE HON. SRI C. RAJAGOPALACHARI :—" Sir, assurances are good to give and to take. But it is very dangerous to misunderstand the assurances. The hon. Member who last spoke was asking for exemption for a certain class of small retail dealers. It is not correct. The assurance is given to those people who

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really have no fixed place of business and who move about, viz., hawkers, etc., and not a particular quantum of business to be exempted."

SRI VAVILALA GOPALAKRISHNAIAH :—" Sir, my submission is that the exemption for small retail dealers should be included in the definition clause of the Bill itself."

* THE HON. SRI C. RAJAGOPALACHARI :—" Sir, the hon. Member has failed to understand the point. There is a provision in the Bill that only certain accounts should be kept, viz., prescribed accounts and those prescribed accounts are prescribed in the rules. There is statutory provision for exemption of those accounts which deal with small retail business, and not the wholesale business of purchase."

SRI K. RAJAGOPALA RAO :—" Sir, I have given notice of an amendment to sub-clause (5)."

MR. SPEAKER :—" We are now in sub-clause (4). The hon. Member will please follow the proceedings closely. Then it will be possible for him to understand it. I shall now put the amendments to vote."

MR. SPEAKER :—" The question is—

For the existing sub-clause, substitute the following :—

" (4) The fee shall be Rs. 5 for manufacturer to be registered "."

The amendment was put and lost.

MR. SPEAKER :—" The question is—

For the words and figure "the fee shall be rupee 1", substitute the words "the fee shall be annas two".

For the words and figures "Rs. 10 for a wholesale dealer", substitute the words and figures "Rs. 2 for a wholesale dealer".

The amendments were put and lost.

MR. SPEAKER :—" The question is—

For the words and figure "The fee shall be Re. 1", substitute the words and figures "The fee shall be annas 8".

For the words and figures "Rs. 10 for a wholesale dealer", substitute the words and figures "Rs. 5 for a wholesale dealer".

The amendments were put and lost.

MR. SPEAKER :—" The question is—

For the word and figures "Rs. 10" substitute the word and figure "Rs. 8".

For the word and figure "Re. 1" substitute the word and figure "annas 12".

The amendments were put and lost.

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MR. SPEAKER :—“ The question is—

‘ For the words and figure “ the fee shall be Re. 1 for any retail dealer in Tobacco and ” substitute the words “ The fee shall be ” ’

The amendment was put and lost.

MR. SPEAKER :—“ The question is—

‘ Delete the words “ Re. 1 for any retail dealer in tobacco and ” and add at the end of the clause the following words “ in tobacco ” ’

The amendment was put and lost.

MR. SPEAKER :—“ I wish to know whether Mr. S. Ramalingam is withdrawing his amendment.”

SRI S. RAMALINGAM :—“ Sir, I withdraw my amendment.”

The amendment was, by leave of the House, withdrawn.

The amendment moved by Sri B. K. Nallaswami was also by leave of the House withdrawn.

Sub-clause (5).

SRI K. RAJAGOPALA RAO :—“ Mr. Speaker, I move the following amendment :—

‘ Omit the sub-clause.’

Sir, I feel that this sub-clause is quite unnecessary as it will give unnecessary troubles to the dealers. I do not find the necessity in demanding applications for each and every shop owned by the same dealer, except the ambition of the Government to get more and more registration fee. I think it is better if all the shops are mentioned in one and the same application. Even if this sub-clause is omitted, the purpose of the clause will be served by sub-clause (4). So, I request the Hon. Minister to accept my amendment.”

SRI K. GOVINDA RAO :—“ Sir, I second it.”

SRI K. RANGA RAO :—“ Mr. Speaker, I move the following amendment :—

‘ For the existing sub-clause, substitute the following :—

“(5) Where a person is having more than one manufacturing place, he need not obtain a separate registration certificate for every place of business.”’

SRI D. SEETHARAMIAH :—“ Sir, I second it.”

SRI D. SEETHARAMIAH :—“ Mr. Speaker, I move the following amendment :—

‘ Add at the end the following :—

“ in which case such registered certificates will be granted free.”’

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Sir, according to the sub-clause a wholesale dealer or retail dealer who has got branches in several places will be taxed more than once. The Central Government are taxing once and the State Government are taxing a second time and by this clause it means taxation a third time also and I do not see any necessity for this. Therefore, if a dealer pays a registration fee for the first time and gets a certificate, it will be just if the subsequent registration certificates are granted freely."

SRI M. NARAYANASWAMI:—"Sir, I second the amendment moved by Sri D. Seetharamiah."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO:—"Sir, I oppose all the amendments. Suppose Spencer & Co. or Dalawai & Co. has several branches in one place or Dalawai himself as an individual has four branches and one main office in one and the same place. If we do not really insist on the registration of every branch, I am afraid it will be very difficult to trace whether there is sale through underhand means or by other wrongful means. I am sure that none of these concerns will feel the pinch of registration. Certainly a person who has so many branches will not feel it difficult to pay one rupee for a whole year and I do not think it is a hardship as the hon. Members seem to imagine. I feel that this fee is reasonable. As I have already said, the small hawkers or those poor people who have no particular place of business and who move about from place to place will be exempt from the operation of this rule and there will be no hardship for them. So, I request the hon. Members to withdraw their amendments and pass the clause as it is."

SRI K. RAJAGOPALA RAO:—"Sir, I am not convinced with the arguments advanced by the Hon. Minister. There are many small beedi merchants and if we mix up these small merchants along with the big concerns like the Spencers, then the small merchants will be hard hit. I therefore request the Hon. Minister to devise ways and means of protecting the small merchants. I press my amendment, Sir."

SRI M. NARAYANASWAMI:—"Sir, the Hon. Minister said that big companies like the Spencers would try to evade taxation."

* THE HON. SRI C. B. P. PATTABHI RAMA RAO:—"Sir, I did not say that they would evade taxation. I only said that we wanted to have a check on their sales and that we do not want to give them any scope at all for evasions."

MR. SPEAKER:—"I shall now put the amendments to the vote of the House."

The amendments of Sri K. Rajagopala Rao, Sri K. Ranga Rao and Sri D. Seetharamiah were put and lost.

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Sub-clause (6).

MR. SPEAKER :—“ I will now take up amendment No. 100 given notice of by the hon. Member Sri T. C. Narayana Nambiar. Then I will take up other amendments.

10-30
a.m.

SRI T. C. NARAYANA NAMBIAR :—“ Sir, I beg to move—
‘ For the existing sub-clause (6) of clause 3, substitute the following :—

“ (6) Without such registration certificate as aforesaid no person shall do business in tobacco with effect from 1st April 1954.” ’

“ Sir, under sub-clause (6) of clause 3 of this Bill it is stated that no person shall do business in tobacco after the expiry of two months from the commencement of this Act or such other as may be prescribed. According to sub-clause (7) of clause 3 a certificate shall be valid for only a year and shall be renewed from year to year on payment of the fee specified in sub-section (4). Suppose a petty dealer applies for the certificate to the concerned officer. Usually it takes a lot of time for him to get a certificate. He has to wait for it a long time. In case he fails to get the certificate within two months from the commencement of this Act he is prohibited from doing business. For no fault of his he has to suspend his business. That is why I have moved my amendment wherein I had stated that no person without such registration certificate as aforesaid shall do business in tobacco with effect from 1st April 1954. I think the Government will have no difficulty in accepting this amendment.”

SRI S. RAMALINGAM :—“ I second the amendment.”

MR. SPEAKER :—“ I will now take up amendment No. 10 of Sri M. Lakshmanaswami.”

SRI M. LAKSHMANASWAMY :—“ Sir, I beg to move—

‘ That under sub-clause (6) of clause 3 for the words “ after the expiry of two months from the commencement of this Act ”, substitute the word and figures “ 1st July 1953 ”.’

“ Sir, the main reason for my moving this amendment is to give some time for the petty dealers to obtain their certificates to carry on their business. The present time-limit prescribed in the Bill, viz., two months from the commencement of this Act is too insufficient. I hope the Hon. Minister will accept my amendment.”

SRI K. VINAYAKAM :—“ I second the amendment.”

MR. SPEAKER :—“ I will take up the amendment of the Hon. Leader of the Opposition.”

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SRI P. RAMAMURTHI :—“ Sir, I beg to move—

‘ That under sub-clause (6) of clause 3, for the words “ two months ” in lines 2 and 3, substitute the words “ four months ” .’

“ Sir, my amendment is simple enough. It is only for extending the time-limit fixed for registration. Usually it often happens that printing of required forms for registration and the like take a long time in Government offices and so it may not be quite easy for petty dealers to get themselves registered within two months from the commencement of this Act. Therefore I think my amendment extending the period by four months may please be accepted.”

SRI S. RAMALINGAM :—“ I second the amendment.”

MR. SPEAKER :—“ I will now take up the amendments standing in the name of Sri K. P. Gopalan.”

SRI K. P. GOPALAN :—“ Sir, I beg to move—

“ That under sub-clause (6) of clause 3, after the words “ registration certificate ” insert the words “ or payment of the fee ” .’ ”

The amendment was duly seconded.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ Sir, various amendments have been moved seeking extension of time-limit for registration. The Chief Whip of the Opposition wants time till 1st April 1954 while the Hon. Leader of the Opposition wants it to be four months instead of two as prescribed in the Bill. Actually where do we stand now? We have stated that before two months expire from the commencement of this Act, a person should get himself registered or else he could not carry on the business. Actually our period may begin from the middle of June or beginning of July. I think there is enough time for these petty dealers also to get themselves registered in the interval. Hence I request the House to reject all the above amendments.”

SRI T. NAGI REDDI :—“ Why not fix a specific date? Why say till such time as may be prescribed by Government? ”

SRI PILLALAMARRI VENKATESWARLU :—“ May I know whether the Government are reasonable in this matter? ”

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ By the time this Bill is passed into law, I am sure the hon. Member will realize that we have been quite reasonable.”

* THE HON. SRI C. RAJAGOPALACHARI :—“ The hon. Member Sri K. P. Gopalan seems to think that if a dealer pays the required money and does not get the certificate then he will be in trouble. Let him not have such fears. Payment of necessary fee itself requires proof. I do not think he need press his amendment.”

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SRI T. C. NARAYANA NAMBIAR :—" Sir, I request that at least the amendment of the hon. Leader of the Opposition may be accepted. As far as my amendment is concerned, I do not think I can withdraw it."

MR. SPEAKER :—" I shall now put the amendments to the vote of the House."

The amendments of Sri Narayana Nambiyar, Sri M. Lakshmanaswami, Sri P. Ramamurthi and Sri K. P. Gopalan were put and lost.

New sub-clause (8).

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, I beg to move—

'Add the following as sub-clause (8) of clause 3 :—

"(8) The State Government may, by rules made in that behalf, exempt from the operation of sub-sections (1) to (7) of this section, any class of persons who do business in tobacco in rural areas, not being persons who do business in taxed tobacco or persons having any shop or fixed place of business."

MR. SPEAKER :—" Amendment moved—

'Add the following as sub-clause (8) of clause 3 :—

"(8) The State Government may, by rules made in that behalf, exempt from the operation of sub-sections (1) to (7) of this section, any class of persons who do business in tobacco in rural areas, not being persons who do business in taxed tobacco or persons having any shop or fixed place of business."

SRI PILLALAMARRI VENKATESWARLU :—" I want to know why the Government are so very vague."

THE HON. SRI C. RAJAGOPALACHARI :—" In order to cover as many cases as possible, Sir." (Laughter.)

* SRI S. RAMALINGAM :—" I heard the words 'rural areas' mentioned in the motion that was just moved. I do not know what exactly the term 'rural areas' mean. What about small persons who do business in tobacco in towns, Sir?"

THE HON. SRI C. RAJAGOPALACHARI :—" Those who do such business in urban areas are smugglers, Sir."

The amendment was put and carried.

MR. SPEAKER :—" The question is that clause 3 as amended stand part of the Bill. The Hon. Leader of the Opposition may now speak on his amendment that clause 3 as a whole be omitted."

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AN HON. MEMBER :—“ Is it an amendment, Sir? ”

MR. SPEAKER :—“ No. An amendment cannot be moved at this stage. The hon. Leader of the Opposition is at liberty however to oppose the Motion that clause 3 as amended stand part of the Bill. It is left to the House to reject or accept his view.”

SRI P. RAMAMURTHI :—“ Sir, I beg to oppose the whole of clause 3 as amended.

“ Sir, clause 3 deals with the registration of all dealers in tobacco in the State of Madras. The main object is to tax those people who do business in tobacco and thus get revenue for the Government from such taxation. For the purpose of collecting the tax the Government think it necessary that all dealers should get themselves registered. For instance the Government of India are collecting income-tax. All those people who are liable to pay the tax need not register themselves and they need not have the registration certificate. But of course that is quite a different Act altogether. Here it is required that a certain class of people who are dealing in tobacco of a particular variety should be taxed on their turnover. I am certainly not against the imposition of tax on the wholesale tobacco dealers. In fact I may even agree to the enhancement of the tax so far as the wholesale dealers are concerned. The present registration fee of Rs. 10 for the wholesale dealers is not the one to which I am objecting. I am only objecting to the provision in the Bill requiring that all dealers in tobacco irrespective of the fact whether they are taxed or untaxed, should get themselves registered. The fee in the case of retail dealers is Re. 1. I am not against the quantum of payment. That is a different matter. But the specific provision requiring that all small dealers also should get themselves registered by paying the necessary fee is one which I think would cause great harassment to the small dealers who eke out their livelihood by this business. The punishment is also high. In case these petty dealers fail to get themselves registered within two months from the commencement of this Act, they can no longer carry on their business. I think that that alone is a very strict provision. We should not allow the petty dealers to be harassed. It should be the object of this measure not to cause harassment to any one. If the Government so desire, they may enhance the rate of taxation. I am not bothered about it; we are not looking at it from that point of view; we are mainly looking at it from the point of view of the ordinary dealer who should not be harassed as a result of this clause.”

* THE HON. SRI C. RAJAGOPALACHARI :—“ Sir, this is a very general and a very important matter covering probably the whole policy. We are taxing only a certain kind of people at one point, and we are taxing at the earliest opportunity that we can take under the Constitution, namely at the first point wherever it may be. The question is raised why then should we impose

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the duty of registration and keeping accounts on others? Hon. Members are aware that there is a differential rate of taxation prevailing in India now in respect of this matter. Even where the tax is only at one point, in some States it is much less while in other States it is more, and in our own State it is pretty high. So, there is a natural tendency for the commodity to drift here. Tobacco will come into this State from other States where the tax is less and therefore the saleable value is less, and so we must have some sort of control over this business. After all, the wholesaler does not get it straight to the consumer; he goes to the people who do the sale for him. And the smuggler therefore finds the smaller dealer a convenient tool for him to carry on his business. The cigarettes and other kinds of taxed tobacco do not go straight from the smuggler to the consumer. They do not go to the rice shop or shops where other commodities are sold; they go to places where similar commodities are sold, such as beedies and snuff and other such tobacco which are not taxed. Therefore, Sir, it is necessary to have at least a registration of these dealers who can be warned, examined and advised and can be asked to avoid smugglers and the like, and in a way we can have a certain amount of control over the business. It is with this object, Sir, that we have put down a clause on registration, taking away the sting of a licence and the further sting of a possible refusal. Here is a rule by which every one has a right to get registered. Everybody who deals in this business, if he pays Re. 1 and gets the certificate in the prescribed form, he can exhibit it on the shop's name-board and also display the fact that he is—not an ordinary dealer—but a recognised dealer. I submit, Sir, there is nothing at all annoying or unattractive in this proposal."

SRI VAVILALA GOPALAKRISHNAIAH:—"There is my amendment, No. 5, Sir, to omit the clause."

MR. SPEAKER:—"In that case, he can as well oppose the clause itself."

SRI VAVILALA GOPALAKRISHNAIAH:—"But I think the Government have already replied."

MR. SPEAKER:—"The hon. Member could not move any amendment, but can oppose the whole clause. I now put clause 3 as amended, to the vote of the House."

Clause 3, as amended, was put and carried.

Clause 4.

* SRI K. R. VISWANATHAN:—"Mr. Speaker, Sir, I move the following amendment:—

'In clause 4, for the word "turnover" wherever it occurs, substitute the word "profits" and for the figure "30" wherever it occurs, substitute the figure "50".'

[Sri K. R. Viswanathan]

[8th April 1953]

In doing so, I have to state that the tax is now proposed to be levied on the turnover. It will be quite proper if the tax is levied on the profit alone. It is stated that about 100 to 200 or even 300 per cent is obtained as profit, and so it is better to tax on the turnover. I think we cannot say that the trade will be getting a profit always; it is quite likely that the trade may incur a loss at some time or other. So, if the same percentage of tax is to be levied, it is quite likely that the trade itself will dwindle in course of time, with the result that there will be no substantial return to the exchequer, as expected by the Government. That is why I suggest that instead of the tax being levied on the turnover, it may be levied on the profit only, and that the percentage of tax may be raised from 30 to 50 on the profit, in order to compensate for a likely loss in the amount. With these few words, Sir, I move my amendment."

The amendment was duly seconded.

THE HON. SRI C. RAJAGOPALACHARI:—"I take it that all the amendments will be moved now."

MR. SPEAKER:—"We are taking up sub-clause after sub-clause."

THE HON. SRI C. RAJAGOPALACHARI:—"Then I will make this reply. The point is very short. The hon. Member's amendment would simply try to make it an income-tax. I do not think we have got the power to do it at all."

SRI K. R. VISWANATHAN:—"I shall then withdraw the amendment, Sir."

The amendment was, by leave of the House, withdrawn.

MR. SPEAKER:—"We now take up amendment No. 36 of the Government."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO:—"Sir, I move—

'In the proviso to sub-clause (1) for the words "the Indian Union" substitute the word "India".'

It is only a formal amendment."

MR. SPEAKER:—"I am putting the amendment to the vote of the House."

The amendment was put and carried.

SRI PILLALAMARRI VENKATESWARLU:—"Sir, the Government are moving some amendment or other to each clause. My request to the Government as well as to you, Sir, is this: All the amendments which the Government intend to move may be given notice of, at least at this stage, so that we may have some time to look into them."

MR. SPEAKER:—"All the amendments given notice of have already been roneoed and circulated."

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SRI K. RANGA RAO :—“ ఈ పన్నును manufacturers ద్వారానుంచి వసూలుచేయడం చాలా సబబుగా ఉంటుంది. కనుక నా amendment ను ఆంగ్లకరించడం అవసరమని భావిస్తున్నాను. నా ప్రవరణ ఇది.

‘For the word “seller” substitute the word “manufacturer”.’

MR. SPEAKER :—“ The amendment falls through for want of a seconder.”

SRI PILLALAMARRI VENKATESWARLU :—“ Sir, I move the amendment standing in my name, viz. . . .”

MR. SPEAKER :—“ The hon. Member can move both his amendments Nos. 12 and 13.”

SRI PILLALAMARRI VENKATESWARLU :—“ Sir, I move the following amendments :—”

‘In sub-clause (2), proviso, omit the words “or the agent or commission agent.”’

Also,

‘Add the following proviso at the end :—

“Provided that the prices prevailing on the 1st March 1953 shall not be enhanced.”’

“ Sir, I will first read out the proviso in the Bill. It reads—

‘Provided that where the sale is effected through an agent or a commission agent, the tax may be collected either from the seller or the agent or the commission agent.’

There is nothing definite here. After all, we are sitting here like a Select Committee and going through every clause and scrutinizing every clause and proviso. I would like to know the purpose of the Government in keeping things so vague. Any one of them can collect, and that can be specifically stated here. I should like to have a reply from the concerned Minister on this point.”

The amendments were duly seconded.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ I find it is really necessary to include all of them for this reason : sometimes the headquarters of these companies or wholesale dealers is not in this State; they have their headquarters in Calcutta, Bombay or Hyderabad and do their business through their agents here and that is why it is necessary that the clause should be there.”

SRI PILLALAMARRI VENKATESWARLU :—“ I do not press my amendments, Sir.”

The amendments were, by leave of the House, withdrawn.

MR. SPEAKER :—“ We now come to sub-clause (3). Mr. Gopalakrishnaiah will move his amendment No. 18.”

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Sub-clause (3).

* SRI VAVILALA GOPALAKRISHNAIAH :—" Sir, I move the amendment standing in my name, viz.—

' (i) In sub-clauses (a), (b) and (c), for the figures and words " 30 per cent ", substitute the figures and words " 10 per cent. "

' (ii) After the word " turnover " wherever it occurs, insert the words " or compounded sum " . '

Sir, the Central Government have already been taxing this tobacco in some way, and we are now taxing it further. Therefore we must tax at a lower rate. Secondly, if we say ' turnover ', the middleman may not be able to maintain all the necessary accounts. In connexion with the Motor Vehicles Taxation Bill, in order to avoid going into all the accounts, we adopted the idea of levying a compounding fee. That idea came from the Government themselves, and that amendment was suggested at the time we were discussing the provisions of that Bill in the House itself. Similarly here, I now appeal to the Government to make necessary provision for a compounding fee, so that the petty dealers who are dealing in this commodity may be enabled to pay the tax without undergoing the cumbersome business of maintaining accounts, etc. I also appeal to the Government to decrease the amount of taxation."

The amendment was duly seconded.

MR. SPEAKER :—" Next comes the Government amendment."

SRI PILLALAMARRI VENKATESWARLU :—" Why not the Speaker allow me to move my amendment now? "

MR. SPEAKER :—" If the Government are allowed to move their amendment first, the position may perhaps be made clear; the hon. Member may move his amendment afterwards if he still thinks it necessary."

SRI PILLALAMARRI VENKATESWARLU :—" But my amendment was given notice of previously."

THE HON. SRI C. RAJAGOPALACHARI :—" The Government are responsive; the hon. Member must permit the Government to be responsive."

10-50
a m. * THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Mr. Speaker, Sir, I beg to move the following amendment to sub-clause (3) :—

' For sub-clause (3), substitute the following :—

" (3) (a) (1) No tax shall be levied on sales of cigarettes which are sold by the person taxed at less than 3 pies per cigarette and are to be sold at the retail point to the consumer at not more than 3 pies per cigarette.

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- (2) On sales of cigarettes not falling under sub-clause
(1) above, the rates of tax shall be as follows :—

Per cent of the
turno er.

- | | |
|--|----|
| (i) On cigarettes which are sold by the person taxed at less than 6 pies per cigarette and are to be sold at the retail point to the consumer at not more than 6 pies per cigarette. | 10 |
| (ii) On cigarettes which are sold by the person taxed at less than 9 pies per cigarette, and are to be sold at the retail point to the consumer at not more than 9 pies per cigarette. | 20 |
| (iii) On sales of cigarettes not falling under item (i) or (ii) above. | 30 |

- (b) The rate of the tax payable under sub-section (1) on cigars and cheroots shall be 30 per cent of the turnover :

Provided that the turnover shall not include the sale amount of cigars and cheroots which are sold by the person taxed at less than two annas per cigar or cheroot and which are to be sold at the retail point to the consumer at not more than two annas per cigar or cheroot ;

- (c) The rate of the tax payable under sub-section (1) on pipe tobacco or cigarette tobacco shall be 30 per cent of the turnover."

MR. SPEAKER :—" I shall read the Government amendment. By that amendment, the whole sub-clause has been changed, and the Government seem to have incorporated the purport of all the amendments given notice of by hon. Members. After I read the amendment, hon. Members can withdraw their amendments or not, as they please."

SRI T. NAGI REDDI :—" Will the Government please circulate their amendment to us? "

* THE HON. SRI C. RAJAGOPALACHARI :—" Sir, it has been read out by the Hon. Minister, and the structure is this : hon. Members will see that in most parts the Government amendment is a repetition of the present provisions. The whole sub-clause has been re-drafted incorporating the proposals now made. Briefly, the proposals are : exemption from taxation, as in the original Bill. Except in cases where there is exemption and except where there is reduction by the present amendment,—the 30 per cent tax remains as before. The reduction now proposed is this :

[Sri C. Rajagopalachari]

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on two classes of cigarettes there will be lesser tax than 30 per cent. One is cigarettes which are sold by the wholesaler at less than 6 pies and are intended to be sold by the retailer to the consumer at not more than 6 pies,—the tax in that case will be 10 per cent of the turnover; and on the next grade, that is, cigarettes which are sold by persons taxed at less than 9 pies and are intended to be sold to the consumer at not more than 9 pies, the tax will be 20 per cent of the turnover. These are the two changes now introduced. Two important slabs have been put down, which are more or less between the very poor man's smoke and that of the man who smokes superior types. These two slabs will be 10 per cent and 20 per cent. I submit, Sir, that this probably has gone far beyond the expectations of some of the Members on the opposite side. It is very reasonable. I may say that the Government after fuller consideration of the general opinion prevailing as well as the possible effects on the trade as a whole, all taken together, have decided on this as a reasonable compromise. We need not spend any more time on the various minor amendments given notice of by hon. Members and I trust they will accept this amendment as a whole."

SRI P. RAMAMURTHI:—"Sir, it is a good thing that the Government have accepted our suggestion for the substitution of the slab system for the flat-rate system of taxation. The only thing we have got to consider here is this: I am glad they agree that certain classes of cigarettes have got to be exempted. The real question to be considered is whether the intentions are actually carried out in this amendment. The trouble is this: I believe the Chief Minister will understand why it is that we are suggesting some other types of amendments. To-day the exemption is given to all cigarettes sold at 3 pies. And what are the cigarettes that are on the market to-day which are being sold at 3 pies per cigarette? Actually, if we take the Star cigarette or the Passing Show or the Charminar,—excepting these, which are very rarely used, all the other cigarettes are being sold at 3 annas and not at 3 pies. Therefore, the exemption given becomes a fictitious exemption, not a real exemption. That is why we say that if the Government really know what exactly is the condition in the market, what varieties of cigarettes are sold at 6 pies and 3 pies, then we will be in a position to see whether we can carry out the spirit with which the Government have moved their amendment now.

11
a.m.

"It is on that aspect of the matter that I am canvassing this for the purpose of discussion. Therefore, if you take the market, as I pointed out already, except Charminar, no other type of cigarette gets any exemption. That is, the majority of the brands do not get any exemption whatsoever. Akbarshaw, White Elephant and cigarettes of this type are not now in the market. We should therefore take into consideration the common varieties of cigarettes, for example, the Scissors cigarette. It is sold not at 6 pies per cigarette but at 7 pies. That is why, Sir, I suggest that if the intention is to exempt common varieties, we should bring

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[Sri P. Ramamurthi]

forward a suitable amendment. I would therefore request the Government to reconsider the whole question and if necessary, we can work out the details and if Government agree we can exempt all these varieties. If it becomes necessary, we can also go into the question of taxation, not per cigarette but a packet of cigarettes. I therefore suggest that this amendment requires to be amended still further and I would request the Government to reconsider the whole matter and bring in an amendment later on."

SRI T. NAGI REDDI :—" Sir, I am glad that the Government have come forward with a suggestion giving some scope for us to convince them, not that they should not tax, but to see that the prices of cigarettes which the middle class are using are not raised. That is our intention to-day. For example, if we take Scissors, our intention is to limit the price at a particular level. It is good that the Government have placed before us a graded system of taxation. But, I would request them to go a little further and delete the first portion of the amendment and increase the taxation in respect of the articles in the third item of the amendment a little more, if necessary. They may consider this suggestion somewhat carefully. I can tell the Government because I am myself a heavy smoker—and probably as the Chief Minister does not smoke, the whole trouble in regard to taxation on smoking has arisen—that the 30 per cent suggested in the last portion of the amendment can be raised even to 50 or 60 per cent. There would be no objection, because that brand of cigarettes is not being smoked either by the middle class or the ordinary people . . ."

THE HON. SRI C. SUBRAMANIAM :—" Ministers also smoke Scissors."

SRI T. NAGI REDDI :—" Nawabs also smoke Charminar, but that does not mean that they are using costly cigarettes. My suggestion is, my hon. Friend, Mr. Pillalamarri Venkateswarlu has given notice of an amendment which comes later on in which he has suggested that the prices of cigarettes should be controlled at the level at which they are to-day. I would request the Government to control the prices of all kinds of cigarettes. (Interruption.) Not that I want you to control the cigarettes that I do not use, but I want you to control the prices of all cigarettes used by ordinary men and whether I go down in my smoking or go up along with payment and smoke less, that is a different matter. My brand need not be controlled at all, but I want that brand which is being used by the ordinary men, for instance, Scissors brand and the brands below that, should be controlled at the rates at which they are now being sold. That would be helpful."

THE HON. SRI C. SUBRAMANIAM :—" That will affect the grower of tobacco, because he has to pay more."

SRI T. NAGI REDDI :—" The grower of tobacco will have to fight for his own and I am sure whether we control the prices

[Sri T. Nagi Reddi] [8th April 1953]

of cigarettes or not, this Bill is going to affect him also. Of course, I have not yet studied that problem carefully, but as I said, this will have repercussions on the growers also. That is a different matter. Whether the price is controlled or not, reaction on the growers market will be there and we have to go into it carefully. But as far as the Bill is concerned, a very reasonable proposition has been made and the manufacturers of cigarettes will be able to get the money even if we control the prices at a particular level, even allowing for taxation.

"Of course, Government have been trying to adjust matters, as will be seen from the amendments that they have proposed. But my suggestion would be that the 30 per cent proposed in the last item of the amendment, may be raised to 50 or even 60 per cent and the first portion of the amendment relating to 10 per cent taxation on cigarettes sold at less than 6 pies and so on may be dropped. I hope the Government will give consideration to my suggestion. Of course, I do not want the Ministry and the Members of the House to be in a hurry, but they may think over the matter and see whether it is acceptable so that it may be satisfactory to the people in the State, especially the middle class which is to-day feeling the pinch."

MR. SPEAKER:—"I wish to make the position clear. The Government have moved an amendment to sub-clause (3) of clause 4 and if that is accepted all the other amendments to the sub-clause given notice of by hon. Members will be out of order. Hon. Members if they so desire may move amendments to the Government amendment."

SRI P. RAMAMURTHI:—"May I suggest one thing? The consideration of the whole matter may be taken up later, so that the Government may think over the whole position."

SRI PILLALAMARRI VENKATESWARLU:—"In regard to procedure, what I would suggest is, let all the amendments to this clause be taken up. Let me make myself clear. Because the Government have given notice of an amendment we are not exactly in a position to understand its implications. At the same time, I may point out that we have also given notice of better amendments. So, all these things must come before the House. I suggest therefore, let the Government amendment be taken up at the end."

MR. SPEAKER:—"If it is the desire of the House, I have no objection. But I cannot take up the amendment of the hon. Member."

* THE HON. SRI C. RAJAGOPALACHARI:—"Sir, let me appeal to hon. Members. When there is some responsive attitude on the part of the Government and we make a proposal consolidating all considerations in the shape of an amendment, there necessarily follows a certain amount of disturbance of normal procedure. Notice of amendments were given to the original Bill

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and this proposal of the Government does cause disturbance to hon. Members' plans of amendment. I admit that. But if we follow procedure rigorously, what will happen is, an uncompromising attitude will be taken up and developed. Therefore, we must adjust each other's position to some extent. The idea that we have not given proper consideration, that we should take more time and so on, is not correct. We have considered this matter, because the problems raised, the amendments that have been raised and the arguments that have been raised, are all inherent in the matter. We have given careful consideration—reconsideration also—to many matters. In the light of the general discussion that took place the other day, we sat down, we considered and we came to this conclusion. I am only giving the assurance that we have given full consideration and nothing is gained by further postponement. On the contrary I am quite clear in my mind that in some respects we have gone beyond what hon. Members might have thought that we would yield. Let there be no idea that there has been any want of consideration or adequate consideration.

11-10
a.m.

“ Regarding the question of knowledge, let me tell Mr. Nagi Reddi that I am not as ignorant as I appear to be. Hon. Members may take it that I know a great deal more about smoking than probably they themselves know. I can give them the classification and the varieties, the quantity of nicotine in each variety, I can advise them as to what they should smoke and should not smoke, and also as to the manner in which they should smoke. When I was a young student at college, I was not altogether unacquainted with this vicious habit! Let me ask hon. Members not to assume complete ignorance on my part.

“ We have done all that we could possibly do for the poor man's smoke. Let me also tell hon. Members that so far as I am concerned, I do not think in terms of absolute opposition to this habit which is no doubt bad from the point of view of health. At the same time, it has got a certain connexion with the way of life in which people carry on. They want some occupation or other, and a certain amount of nicotine helps in quelling so to say certain disturbances of the mind. It is a sedative, as it is called. If there is over indulgence in smoking, it becomes a narcotic. I do not take up an attitude of absolute antagonism towards smoking as some people imagine. We must allow certain evils; otherwise we will be going into bigger and greater evils.

“ The question is how far we should go. We are not living in America or England and the poor man's smoke in this country is beedies and cheroots, and these we have totally eliminated from taxation at any point. As a result of modern advance in standards of living, even people who used to smoke beedies some two years ago have taken to cigarettes. Beedies are much better than cigarettes from the point of view of health. (Sri T. Nagi Reddi: 'No, no'.) The hon. Member does not know. Beedi smoke does not disturb the delicate membranes of the lungs as much as cigarette smoke. Beedi smoke is not inhaled as cigarette smoke is and

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is therefore not absorbed into the system as much as the cigarette smoke. Cigarette smoke being apparently weaker is inhaled and is therefore worse for the lungs. I need not enter into a disquisition on the subject. We have kept out all poor man's smoke. Next comes the middler's smoke—the smoke of the aristocracy of the trade unions, we may call it—the smoke used by urban classes who are wage-earners. In smoking, as in other things their scale of life has gone up. I wish they had gone up in other departments than in smoking. We have not totally exempted their smoke. We have put up a tax of ten per cent, and I submit it is very fair and reasonable. A man who purchases a packet of cigarettes for five annas now will perhaps have to pay half anna more. Revenue is no doubt important. But we do not mind and we even welcome regression in revenue if it means a reduction in the per capita consumption of smoking. On this slab we have reduced the rate of tax. If we are asked to drop this slab contained in the Government amendment altogether, we can as well drop the Bill. My anti-capitalist friends suggest that we might drop this slab and increase the tax on superior varieties to 50, 60 or even 100 per cent. But then, there is no money in it. I can make a present of it to the Opposition. The total quantity of superior cigarettes consumed is comparatively not much. We have got a complete list of the varieties of cigarettes and we have examined the whole thing. Unless the hon. Members are unwilling to admit anything in favour of the Government, they could easily admit that the proposal we have made is extremely liberal and reasonable. Then it is only a question of time as to whether the other amendments that have been tabled should be moved first or last. I would beg hon. Members to accede to my request to drop all the other amendments, and let us go on with the Government amendment smoothly."

SRI PILLALAMARRI VENKATESWARLU :—" Sir, I have given notice of an amendment for restricting the sale price to the level prevailing on 1st March 1953. This will be very useful and helpful to the Government. In the Stage Carriages Surcharge Bill, the Government accepted the principle that the tax should not be passed on to the bus passengers. If the Government accept that principle in this Bill at least for the lowest slab, the Opposition, as far as I can see, will not have much difficulty in accepting the Government amendment."

* **THE HON. SRI C. RAJAGOPALACHARI** :—" I forgot to deal with the suggestion that we might control the consumer's price by some means or other. I do not think that we can control that kind of thing. There is some justification for controlling the consumer's price of essential articles of life and imported luxuries. But to say that we must fix the maximum price at which cigarettes could be sold to customers, in order that cigarette smoking may be encouraged among people of limited means is not consistent with our policy. We have put down two conditions in the amendment which will act as an incentive to keep down the upper limit of the

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[Sri C. Rajagopalachari]

consumer's price. A person who pays turnover tax will have to pay a higher sum if he allows his retailer to sell at a price higher than what it should be. With the object of indirectly controlling the consumer's price, we have put down two conditions at each slab. Direct control of the price at the consumer's point is not possible now."

SRI P. RAMAMURTHI :—" I do not want to go into all those questions. But I want to speak about the procedure. The Government accept it because it is on the principle of slab system. To a certain extent it meets with our demands. None the less, it does not meet with our full demands. In these conditions, if we feel we have to press our stand, and if the Government feel they have to oppose it, and unfortunately if it does not meet with the acceptance of the House for some reason or other, certainly we are not going to be sorry for it. It is only the lesser of the two evils."

11-20
a.m.

MR. SPEAKER :—" This amendment should have precedence over the other amendments."

SRI P. RAMAMURTHI :—" Will I be allowed to move some amendments to the amendments that are there already? "

MR. SPEAKER :—" This amendment should have precedence over the other amendments."

* THE HON. SRI C. RAJAGOPALACHARI :—" Sir, it is quite true procedurally. The Hon. the Leader of the Opposition will kindly consider what is the object to be gained. If I am not going to be misunderstood, I will be frank. The fact that Opposition Members have given notice of various amendments is well known. The fact that those amendments have acted on the mind of the Government may also be taken for granted. There is nothing more to be gained by moving them and having them negated."

SRI PILLALAMARRI VENKATESWARLU :—" Sir, but the point is that we have to discuss certain entirely new amendments which the Government have brought forward. We must have some time to go through them. Our suggestion is that the whole Clause may be taken up later."

MR. SPEAKER :—" If the hon. the Leader of the Opposition and the Hon. the Chief Minister agree, I have no objection."

SRI P. RAMAMURTHI :—" I would just make a suggestion whether this Clause could not be considered a little later."

THE HON. SRI C. RAJAGOPALACHARI :—" The Leader of the Opposition suggests that we may proceed with Clauses 5, 6, 7, etc., and that the further consideration of Clause 4 be taken up later."

MR. SPEAKER :—" I have no objection."

The motion that the further consideration of Clause 4 be taken up later was put and carried. Clause 5 was taken up.

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Clause 5.

SRI P. RAMAMURTHI :—“ Sir, I move the amendment standing in my name, namely—

‘ After the words “ *taxed tobacco* ” in line 3, insert the words “ *and liable to pay any tax* ” and the words “ *in the case of persons liable to pay any tax* ” be omitted in item (a). ’

Clause 5 says—

‘ The Deputy Commissioner may cancel or suspend any registration certificate issued to a person dealing in taxed tobacco under this Act (a) in the case of persons liable to pay any tax, if any tax or other sum payable by such person be not duly paid or (b) if such person fails to maintain true and proper accounts as prescribed, or fails to submit true and proper returns as prescribed or (c) if the holder of such certificate is convicted of any offence punishable under this Act or the rules framed thereunder. ’

The Government have told us that they have no intention to tax people beyond a certain point. That is, at the very first sale itself, they want to levy the tax on the commodity. Now, the Clause [particularly (b)] as it is worded, does not obviously refer to the people who are liable to pay tax, but to all persons. The Clause says that the Deputy Commissioner may cancel or suspend any registration certificate issued to a person dealing in taxed tobacco under this Act. That is any person, and even a pan-shop owner who sells taxed tobacco, if he does not keep proper accounts, will have his licence cancelled by the Deputy Commissioner. That is the effect of the whole Clause. I would suggest that such a procedure should not be there. After all what we want in regard to the ordinary retail dealer—a betel nut shopman—is that his shop should be registered. Beyond that we should not have anything else to do with him. He should not be liable to any penalty.”

* THE HON. SRI C. RAJAGOPALACHARI :—“ The cancellation of the registration certificate is provided for here. It is issued to a person dealing in taxed tobacco only. The registration certificate issued to a person dealing in non-taxed tobacco is not at all covered by this clause. If a person deals among other things in taxed tobacco also, and if he is himself liable to pay the tax, then only this clause is applicable. This is reasonable, and there is no question about it. In the case of all persons who deal in taxed tobacco, they have to maintain such accounts as the Government have prescribed. I have already explained that those prescribed accounts will not be accounts dealing with their retail trader. Only those accounts which deal with transactions of the first sale that is taxed will have to be maintained. To a certain extent a check on both sides is necessary. In spite of warning there is a provision for cancellation. We must assume that *bona fide* mistakes will not lead to cancellations.

“ Clause 5 (c) does not refer to 5 (a). But it refers to the main provision. I want to extend it to anybody who deals in taxed tobacco. Prescribed accounts will be maintained at the first point of sale. Naturally that will cover this also.”

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SRI P. RAMAMURTHI :—" Sir, I do not think I need press the amendment, because the Hon. the Chief Minister has told us that the prescribed accounts are with regard to the purchase and not with regard to sale."

The amendment was, by leave, withdrawn.

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, I move the amendment standing in my name, namely—

"For the word "persons" in the fourth line, substitute the words "a person"."

The amendment was put and carried.

* SRI S. RAMALINGAM :—" Sir, I move the amendment standing in my name, namely—

"After the word "paid" in line 5, insert the word "wilfully" and for the words "convicted of" in line 8, substitute the words "fined for"."

Sir, I want the word 'convicted' to be removed and the word 'fined' substituted. It is a mere verbal change, and I think the Government will accept."

The amendment was duly seconded.

THE HON. SRI C. RAJAGOPALACHARI :—" Sir, this is not necessary. It does not also read well."

SRI S. RAMALINGAM :—" Sir, I withdraw the first part of my amendment, namely,—

"After the word "paid" in line 5, insert the word "wilfully"."

THE HON. SRI C. RAJAGOPALACHARI :—" Convicted and yet not fined! I do not think there will be any such cases."

SRI S. RAMALINGAM :—" The word 'convicted' will easily mean 'fined'."

* THE HON. SRI C. RAJAGOPALACHARI :—" The hon. Member does not probably like the word 'convicted'. I have no objection to accept the amendment."

MR. SPEAKER :—" The question is—

"For the words "convicted of" in line 8, substitute the words "fined for"."

The amendment was put and carried.

SRI S. PAKKIRISAMI PILLAI :—" Sir, I move the amendment standing in my name, namely—

"Add at the end the following :—

"or (d) under any provisions of the Industrial Disputes Act."

[Sri S. Pakkirisami Pillai] [8th April 1953]

If this amendment is accepted, clauses (c) and (d) will read as follows :—

* if the holder of such certificate is fined for any offence punishable under this Act or the rules framed thereunder, or (d) under any provisions of the Industrial Disputes Act,

This is only to safeguard the interests of the workers. I know those who are affected are the registered people who have under them several workers. This is an easy solution to resolve all disputes. Therefore, I request that the Government will be pleased to accept this amendment."

The amendment was duly seconded.

11-30
a.m.

* THE HON. SRI C. RAJAGOPALACHARI :—" The hon. Member Sri Pakkirisami Pillay says that if on account of some industrial dispute a big company is fined, the Government will lose the revenue on the turnover due to non-registration. I think the fine under the Industrial Disputes Act must be adequate enough for the purposes of the hon. Member. Why does he want the cancellation of the registration? I hope he will withdraw his amendment."

SRI S. PAKKIRISAMI PILLAI :—" In the case of cancellation of registration under clauses (a), (b) and (c) also, the Government would lose revenue. So, why not my amendment be accepted? "

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" The amendment will only make the enactment more complicated. The Industrial Disputes Act is outside the scope of this legislation. If that amendment is also brought in, it will really complicate matters. So, it is better that the amendment is withdrawn."

The amendment was, by leave of the House, withdrawn.

SRI K. P. GOPALAN :—" Sir, I move the following amendment which stands in my name—

' Add at the end of clause 5 the following proviso :—

" Provided that an order cancelling or suspending a registration certificate shall not be made except after—

(1) issuing a notice to the dealer;

(2) giving an opportunity to the dealer concerned to make representation on the basis of the notice in (1) and further that the order should specify the grounds for cancellation or suspension after a due consideration of the representations in (2);

Provided also that the disposal of the entire stock of tobacco with a dealer when registration certificate has been cancelled or suspended shall not be deemed to be a violation of the proviso of this Act."

Under clause 5, the Deputy Commissioner may cancel or suspend any registration certificate issued to a person dealing in taxed

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[Sri K. P. Gopalan]

tobacco. My amendment seeks to lay down the procedure to be followed before cancelling or suspending any registration certificate. If a certificate is cancelled, it means the livelihood of the dealer is taken away. Therefore, a certain procedure has to be followed in this matter. My amendment is a simple one and the Government may accept it."

SRI A. GOVINDASAMY NAYAGAR :—" I second the amendment, Sir."

* THE HON. SRI C. RAJAGOPALACHARI :—" If there is need for clause 5, hon. Members will see that there is need for some sanction. If the gentleman who refuses to give accounts or to do the various things referred to in clause 5 is permitted to carry on his business till he exhausts his entire stock, there is no punishment whatsoever. As regards notice and all that, that is inherent in the procedure. No order can be passed without giving an opportunity of explanation to the party concerned. That is now a fundamental right which it is hardly necessary to repeat here."

SRI K. P. GOPALAN :—" It is not a question of fundamental right. When a Bill is brought in like this, the right of the dealer must also be guaranteed in it. It is not a question whether the officer is misusing the power or not. In a Bill like this it must be clearly mentioned what procedure must be followed by the Deputy Commissioner before cancelling or suspending a registration certificate. I am not going to withdraw my amendment."

The amendment was put and lost.

Clause 5, as amended, was put and carried.

Clause 6 was put and carried.

Clause 7.

* SRI S. RAMALINGAM :—" Sir, I move the following amendments which stand in my name :—

' In sub-clause (1) of clause 7, after the words " doing business in " add the word " taxed ".

' In sub-clause (1) of clause 7, delete the words " and every dealer purchasing . . . agent ".

" Sir, the Government have explained that only dealers who are selling tobacco are to be taxed. But in this sub-clause it is stated that every person purchasing tobacco from the wholesale dealer, importer, manufacturer or commission agent, shall maintain accounts. Therefore, I request the Government to remove the dealers who are purchasing tobacco, from the purview of the clause. I hope they will accept my amendment."

SRI A. K. SUBBIAH :—" I second the amendment, Sir."

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SRI B. K. NALLASWAMI:—"Sir, I move the following amendment which stands in my name:—

In clause 7, sub-clause (1), in line 2, before the word "tobacco" insert the word "taxed".

"கனம் சபாநாயகர் அவர்களே இந்த மசோதாவின் நோக்கம் புதிய வரி போடப்படும்பொழுது அதனால் புகையிலை வியாபாரிகளுக்கு ஒன்றும் அதிகமாகத் தொந்தரவு கொடுக்கும் நோக்கம் இல்லை. ஆனால் இப்பொழுது இருக்கிறபடி இந்த 7வது விதியின் பிரகாரம் அதைத் திருத்தாமல் அப்படியே பாஸ் செய்வோமானால் இதனால் வியாபாரிகளுக்கு வரி செலுத்தும்பொழுது பல தொந்தரவுகள் ஏற்படும். அவைசியமான பல தொந்தரவுகளுக்கு அவர்கள் உள்ளாக நேரிடும். அங்கே பல சிறிய வியாபாரிகளுக்கு இரண்டு பக்கத்திலும் ஆபீசர்கள் தொந்தரவு கொடுப்பார்கள். ஆகவே இந்த மசோதாவின் ஷரத்தைத் திருத்தியாகவேண்டுமென்று நான் கேட்டுக் கொள்ளுகிறேன். அதற்காகத்தான் இந்த திருத்தத்தை நான் பிரேரேபித்திருக்கிறேன். இந்த திருத்தத்தை ஒப்புக் கொள்ள வேண்டுமென்றும் நான் கேட்டுக் கொள்ளுகிறேன்."

The amendment was duly seconded.

SRI K. VENKAIAH:—"I do not move my amendment. I support the amendments moved by the hon. Member Sri Ramalingam."

11-40 a.m. * THE HON. SRI C. RAJAGOPALACHARI:—"So far as Mr. Nallasami's amendment goes, it really removes an unintended defect and that is accepted. With regard to the other amendments, the point is really one of principle, whether we should ask persons to keep accounts who purchase at the taxing point. It is not only the seller who should keep accounts but also the purchaser at the taxing point. Otherwise there will be no check. Therefore, the other amendments cannot be accepted."

MR. SPEAKER:—"The question is—

'In clause 7, sub-clause (1) in line 2, before the word "tobacco" insert the word "taxed".'

The amendment was put and carried.

SRI S. RAMALINGAM:—"I withdraw my amendments."

The amendments were, by leave of the House, withdrawn.

Sub-clause (3).

SRI K. P. GOPALAN:—"Sir, I move—

'After the words "shall produce his books of account" insert the words "either in person or through his duly accredited agent".'

The amendment fell through for want of a seconder.

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Sub-clause (4).

SRI K. P. GOPALAN :—“ Sir, I move—

‘ For the words “ such other officer as prescribed and give them such other information ” substitute the words “ such other officer as prescribed either in person or through his accredited agent and give them or cause to be given them such information ”. ’ ”

The amendment was duly seconded.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :— Sir, I think the amendment is really unnecessary. As it is, the clause is quite explanatory and I am sure it can be accepted as it is.”

The amendment was, by leave of the House, withdrawn.

Sub-clause (5).

* THE HON. SRI S. P. PATTABHI RAMA RAO :—“ Sir, I move—

‘ Add the following proviso to sub-clause (5) of clause 7 :—

“ Provided that, if the place to be entered or searched is a place used for purposes of residence, the search or entry shall not be made except on the written authority of the Deputy Commissioner or a Tobacco Officer of gazetted rank; and such officer shall, before granting such authority, record his reasons therefor.” ’ ”

MR. SPEAKER :—“ The question is—

‘ Add the following proviso to sub-clause (5) of clause 7 :—

“ Provided that, if the place to be entered or searched is a place used for purposes of residence, the search or entry shall not be made except on the written authority of the Deputy Commissioner or a Tobacco Officer of gazetted rank; and such officer shall, before granting such authority, record his reasons therefor.” ’ ”

The amendment was put and carried.

* SRI VAVILALA GOPALAKRISHNAIAH :—“ Sir, I move—

‘ Add the following proviso to sub-clause (5) :—

“ Provided the dealer refuses to pay the compounded sum.” ’ ”

In respect of motor vehicles we provide for compounding of cases. Now that provision can be introduced here also and that is my intention in moving this amendment.”

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ It is wholly unnecessary.”

The amendment was put and lost.

MR. SPEAKER :—“ I am now going to put clause 7 as amended to the vote of the House.”

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* SRI VAVILALA GOPALAKRISHNAIAH :—" I have an amendment to move for the deletion of the clause. If the Government agree to the principle of compounding fee, then I shall not move this amendment."

MR. SPEAKER :—" The hon. Member cannot move a negative amendment. If he wants he may oppose the clause now."

Clause 7 as amended was then put and carried.

Clause 8 was put and carried.

Clause 9.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, I move—

' In the first line, omit the word " the " .

The article is unnecessary and somehow the mistake has crept in."

The amendment was put and carried.

Clause 9, as amended, was put and carried.

Clause 10 was put and carried.

Clause 11.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, I move—

' 1. After the words " any place " in line 3, insert the words " or vehicle " .

2. Add the following proviso to clause 11 :—

" Provided that, if the place to be entered or searched is a place used for purposes of residence, the search or entry shall not be made except on the written authority of the Deputy Commissioner or a Tobacco Officer of gazetted rank; and such officer shall, before granting such authority, record his reasons therefor. " "

MR. SPEAKER :—" The question is—

' 1. After the words " any place " in line 3, insert the words " or vehicle " .

2. Add the following proviso to clause 11 :—

" Provided that, if the place to be entered or searched is a place used for purposes of residence, the search or entry shall not be made except on the written authority of the Deputy Commissioner or a Tobacco Officer of gazetted rank; and such officer shall, before granting such authority, record his reasons therefor. " "

The amendments were put and carried.

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SRI PILLALAMARRI VENKATESWARLU :—" Sir, I beg 11-50
to move my amendment— a.m.

*' Omit the words " or a Tobacco Officer specially empowered
in this behalf " . '*

" Sir, when a search is to be carried out, let it be done by the
Deputy Commissioner instead of by a petty officer who may be
empowered to exercise his powers in this behalf."

THE HON. SRI C. RAJAGOPALACHARI :—" The hon.
Member knows only smoking but does not know anything about
administration. There is only one Deputy Commissioner for the
whole State."

SRI PILLALAMARRI VENKATESWARLU :—" Sir, my
point is that the authority must be only the Deputy Commissioner
and he can authorize other officers to conduct the search. But the
powers to order and conduct a search must be with the Deputy
Commissioner. About the remark of the Hon. the Chief Minister
about knowledge of administration, the affairs of administration
will be known to us only when we get into power. That apart,
even from the commonsense point of view, instead of leaving it to
the Tobacco Officer, it should be retained by the Deputy Com-
missioner. If the clause is suitably amended, it will be more
perfect."

* THE HON. SRI C. RAJAGOPALACHARI :—" We provided
for search in dwelling places. We have added vehicles because
smuggling takes place in that way mostly. The question is
whether we should have Tobacco Officers or Deputy Commissioner.
I said there was only one Deputy Commissioner for the State. I
am wrong. I find there will be one Deputy Commissioner for
every 6 or 7 districts. It will be impossible to work the Act or
the clause if the suggestion is accepted. The Tobacco Officer has
to be specially empowered and that is there in the Bill. That
should be enough."

The amendment was, by leave of the House, withdrawn.

MR. SPEAKER :—" I am now going to put the clause as
amended."

* SRI VAVILALA GOPALAKRISHNAIAH :—" I have given
notice of an amendment opposing the clause. After hearing the
clarification of the clause by the Hon. Minister I think I need not
oppose the clause."

Clause 11 as amended was put and carried.

Clause 12.

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, I
beg to move—

*' After the words " to the State Government " insert the
following :—*

*" or (e) contravenes any other provision of this Act or of
any rule made thereunder." ' "*

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MR. SPEAKER :—“ The question is—

‘ After the words “ to the State Government ” insert the following :—

“ or (e) contravenes any other provision of this Act or of any rule made thereunder.” ’ ”

The amendment was put and carried.

* SRI S. RAMALINGAM :—“ Sir, I beg to move that—

‘ For the words “ on conviction by a . . . a conviction ” substitute the words “ be fined by a Magistrate which may extend to Rs. 200 provided that such fine ”.’ ”

“ Sir, the clause reads as follows :—

“ . . . on conviction by a Magistrate, be liable to a fine which may extend to Rs. 1,000 : provided that a conviction shall not discharge that person from his liability to pay any tax or other sum recoverable under this Act.”

“ My amendment is only consequential to the amendment moved and accepted by the Government earlier. I want the imposition of fine instead of conviction and the fine may be limited to Rs. 200.”

MR. SPEAKER :—“ This is not a consequential amendment. This is different.”

* THE HON. SRI C. RAJAGOPALACHARI :—“ Sir, in the other case, in an ordinary reference to the gentleman concerned, the word ‘ convicted ’ was objected to and so ‘ fine ’ was put in. Here we have the Magistrate and the amount has to be fixed by him after conviction. Sir, conviction is necessary before a fine can be proposed.”

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ Sir, I feel the maximum of Rs. 1,000 is really reasonable for offences of this type and this has been arrived at after a good deal of consideration. Again the amount specified is the maximum. The fine may be Rs. 200 or Rs. 500. Only it should not exceed Rs. 1,000.”

SRI S. RAMALINGAM :—“ Sir, thousand rupees is really too much. Small dealers such as pan-shop owners will be fined this amount for contravention of the Act. Government should reduce the amount of fine to Rs. 200.”

The amendment was, by leave, withdrawn.

Clause 12 as amended was put and carried.

Clause 13 was put and carried.

Clause 14.

Sub-clause (1).

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ I beg to move—

‘ In the third line omit the word “ such ”.’ ”

“ The clause as amended will read as follows :—

“ No officer or servant of the State Government shall be liable in respect of any act in any civil or criminal proceedings . . . ” ”

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MR. SPEAKER :—" The question is—

' In the third line, omit the word "such" ' "

The amendment was put and carried.

Sub-clause (2).

* SRI M. NARAYANA KURUP :—" I beg to move—

' After the words " other proceedings ", insert the words and figures " under sub-section (1) of section 14 " ' "

" Sir, my amendment only seeks to bring this section in conformity with sub-section (1). It seems to me that a public officer in order that he may be exonerated from all liabilities must prove that the act was done in the course of business and in good faith. Sub-section (2) seems to be phrased much wider. That is the reason for my amendment."

The amendment was duly seconded.

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" I think I cannot accept this amendment, Sir. It is not necessary."

* SRI M. NARAYANA KURUP :—" If the Government do not want it I am prepared to withdraw it, Sir."

The amendment was, by leave of the House, withdrawn.

SRI K. P. GOPALAN :—" I beg to move—

' After the words " State Government for any act done " insert the words " in good faith " ' "

The amendment was duly seconded.

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" It is really unnecessary and I oppose it."

The amendment was, by leave of the House, withdrawn.

MR. SPEAKER :—" I am now going to put to vote clause 14 as amended. The hon. Member Sri Lakshmanaswamy and some others have given notice of amendments for omitting the clause. They are not admissible. But the hon. Members can oppose the clause if they want."

SRI M. LAKSHMANASWAMY :—" అభ్యుక్త, ఈ 14 వ క్లాజును omit చేయవలసిందని నేను amendment పంపించాను. ఎందుకనగా ప్రభుత్వము తీసుకువచ్చినటువంటి శాసనములలో ప్రభుత్వోద్యోగులు అక్రమంగా ప్రవర్తించినట్టికి కూడ dealers గాని పేరులుగాని వారిమీద విలాంటి చర్య తీసుకోవడానికి ఏమి లేకుండా ప్రభుత్వమునకు permission ఇవ్వాలని ఇందులో ఒక క్లాజు చేర్చడం జరుగుచున్నది. ప్రభుత్వోద్యోగులు న్యాయంగా ప్రవర్తించినట్లు తోచినట్లయితే ఆటువంటిప్పుడు అలాంటి prosecutions లో వాళ్లు ఖర్చును ప్రభుత్వమే భరించడం కావచ్చును గాని, అసలు వాళ్లమీద కేసులే పెట్టడానికి ఏమిలేదంటే పౌరులకు dealers కు చాలా అన్యాయం జరుగుతుందని మనవిచేస్తున్నాను. కనుక అలాంటి clause ఉండకూడదు. దాన్ని తీసివేయవలసిన కోరుచున్నాను."

12 noon.

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SRI M.^o NARAYANASWAMI :—“ Sir, under clause 11, officers are entitled to enter certain business places for checking and clause 14 does not keep them under check. Only when the officers concerned are under check, they can behave properly and discharge their duties satisfactorily. We are very well acquainted with the excise officers who enter the houses and do all sorts of things. Similarly if the officers connected with the enforcement of this Act are not under the check of law, we are afraid they may do all sorts of things. Therefore, in order to see that they discharge their duties properly, I request that this clause may be omitted. Or else, it may tend to make them bureaucrats and it may tend to breed corruption also and therefore it is necessary that they should be kept under some check.”

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ I am afraid I cannot accept the arguments advanced by the hon. Members who spoke on the other side. I must say that the officers of the State are really under the control and check of the Government. There is no reason to think that they are not under proper check and I am sure that much of liberty must be given to them to act in good faith so that they may be able to check the evaders and smugglers and for that purpose this clause is absolutely necessary. I may mention that if any officer exceeds his limits, the Government will certainly take steps to punish him suitably. I therefore submit that this clause is absolutely necessary in the interests of good administration.”

Then, clause 14 as amended, was put and carried.

MR. SPEAKER :—“ We will first take up clauses 15 and 16 and then we can go back to clause 4.”

Clause 15.

* SRI M. NARAYANA KURUP :—“ Mr. Speaker, I move the following amendment :—

“ Add at the end the following :—

“ or since the cause of action arose.”

Sir, this is a very necessary amendment if the clause is to serve any useful purpose. The clause as it stands, lays down that any action based on the act complained of must be brought within six months. As we know, with the best of intentions it is very difficult for the Government to receive reports from their subordinate officials and to decide whether permission has to be given or not. It may also be a case of another type. The Government may purposely delay giving permission for six months. Then, what is the remedy if the clause is allowed as it is or in any case if permission is granted after six months or if it is refused after six months? We know, in any suit, civil or criminal, there is what is called ‘cause of action’ and the refusal of permission will be cause of action to file a suit. I therefore feel that this clause will be a nugatory provision and that my amendment is very essential.”

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SRI M. NARAYANA NAMBIAR:—"Sir, I second the amendment moved by my hon. Friend Sri M. Narayana Kurup."

MR. SPEAKER:—"Amendment moved—

Add at the end, the following:—

"or since the cause of action arose." "

THE HON. SRI S. B. P. PATTABHI RAMA RAO:—"Sir, I think, the amendment is really unnecessary."

SRI M. NARAYANA KURUP:—"Sir, I think it is very necessary and I press it."

MR. SPEAKER:—"The question is—

Add at the end the following:—

"or since the cause of action arose." "

The amendment was put and lost.

Clause 15 was put and carried.

Clause 16.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO:—"Mr. Speaker, I move the following amendment:—

In sub-clause (2) (1) for the words "to remove" substitute the words "the removal of", and for the words "to facilitate" substitute the words "for facilitating". "

MR. SPEAKER:—"The question is—

In sub-clause (2) (1) for the words "to remove" substitute the words "the removal of", and for the words "to facilitate" substitute the words "for facilitating". "

The amendment was put and carried.

Clause 16, as amended, was put and carried.

SRI P. RAMAMURTHI:—"I would just like the Government to place the rules, whenever they frame them on the table of the House."

Clause 17 was put and carried.

Clause 15 (re-opened).

* THE HON. SRI C. RAJAGOPALACHARI:—"Sir, I think there has been a slight mistake. With reference to clause 15 there was an amendment given notice of by Sri P. S. Krishnaswamy Iyengar but not moved by him. I think it is necessary. I therefore request permission of the House to reopen clause 15 and accept the same amendment as Government amendment."

MR. SPEAKER:—"I hope the House gives permission for re-opening the clause (after a pause) with the permission of the House, clause 15 is re-opened."

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* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ Mr. Speaker, I beg to move the following amendment :—

‘ Add at the end the following :—

“ the time taken to secure the sanction referred to in sub-section (2) of section 14, being excluded in the computation of the six months’ period of limitation.” ’ ’ ’

MR. SPEAKER :—“ The question is—

‘ Add at the end the following :—

“ the time taken to secure the sanction referred to in sub-section (2) of section 14, being excluded in the computation of the six months’ period of limitation.” ’ ’ ’

The amendment was put and carried.

Clause 15, as amended, was put and carried.

Clause 4.

MR. SPEAKER :—“ We will now take up the further consideration of clause 4. I would like to tell the House that if the Government amendment is accepted, the amendments given notice of by hon. Members Mr. Vavilala Gopalakrishnayya and others to sub-clause (3) of clause 4 will be out of order.”

SRI K. GOVINDA RAO :—“ Then, why not take up our amendments first, Sir.”

MR. SPEAKER :—“ It is not the correct procedure.”

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ Sir, I already moved the following amendment :—

‘ For sub-clause (3), substitute the following :—

“ (3) (a) (1) No tax shall be levied on sales of cigarettes which are sold by the person taxed at less than 3 pies per cigarette and are to be sold at the retail point to the consumer at not more than 3 pies per cigarette.

(2) On sales of cigarettes not falling under sub-clause

(1) above, the rates of tax shall be as follows :—

Per cent of
the turnover.

(i) On cigarettes which are sold by the persons taxed at less than 6 pies per cigarette and are to be sold at the retail point to the consumer at not more than 6 pies per cigarette ... 10

(ii) On cigarettes which are sold by the person taxed at less than 9 pies per cigarette, and are to be sold at the retail point to the consumer at not more than 9 pies per cigarette ... 20

(iii) On sales of cigarettes not falling under items (i) or (ii) above ... 30

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(b) *The rate of the tax payable under sub-section (1) on cigars and cheroots shall be 30 per cent of the turnover :*

Provided that the turnover shall not include the sale amount of cigars and cheroots which are sold by the person taxed at less than two annas per cigar or cheroot and which are to be sold at the retail point to the consumer at not more than two annas per cigar or cheroot;

(c) *The rate of the tax payable under sub-section (1) on pipe tobacco or cigarette tobacco shall be 30 per cent of the turnover."*

MR. SPEAKER :—" I shall put the amendment to the vote of the House. The question is—

For sub-clause (3), substitute the following :—

" (3) (a) (1) No tax shall be levied on sales of cigarettes which are sold by the person taxed at less than 3 pies per cigarette and are to be sold at the retail point to the consumer at not more than 3 pies per cigarette.

(2) On sales of cigarettes not falling under sub-clause (1) above, the rates of tax shall be as follows :—

	Per cent of the turnover.
(i) On cigarettes which are sold by the persons taxed at less than 6 pies per cigarette and are to be sold at the retail point to the consumer at not more than 6 pies per cigarette	10
(ii) On cigarettes which are sold by the person taxed at less than 9 pies per cigarette, and are to be sold at the retail point to the consumer at not more than 9 pies per cigarette	20
(iii) On sales of cigarettes not falling under item (i) or (ii) above	30

(b) *The rate of the tax payable under sub-section (1) on cigars and cheroots shall be 30 per cent of the turnover :*

Provided that the turnover shall not include the sale amount of cigars and cheroots which are sold by the person taxed at less than two annas per cigar or cheroot and which are to be sold at the retail point to the consumer at not more than two annas per cigar or cheroot;

(c) *The rate of the tax payable under sub-section (1) on pipe tobacco or cigarette tobacco shall be 30 per cent of the turnover."*

The amendment was put and carried.

Clause 4, as amended, was put and carried.

Clause 1 and the Preamble were put and carried.

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12-10 * THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir,
p.m. I beg to move—

' That the Bill as amended be passed into law.'

" I must thank the hon. Members on the Opposition for the extremely generous attitude they had exhibited during the present discussion of this Bill and for the support they had given us. If at all the present Bill is just going to be passed into law it is due to the co-operation we have received from all the members of the House and I thank every one of them heartily. This Bill as all hon. Members may be well aware gives us a good source of revenue we had not till now tapped. It is because the Government of India took the power to levy excise duty on tobacco and deprived us of levying any tax on the same, we could not proceed with any measure of taxation of tobacco dealers in the State of Madras. But now the Government of India have withdrawn the subsidy they have been giving to us as compensation and allowed us to impose sales tax on the sale of tobacco in our State. The revenue that we are going to derive from this measure of taxation will be very useful for us to spend for the benefit of the State. I once again thank the hon. Members for their general and generous support to the Bill. I now request all hon. Members to support the motion that the Bill be passed into law."

MR. SPEAKER :—" Motion moved—

' That the Bill as amended be passed into law.'"

SRI T. NAGI REDDI :—" Mr. Speaker, Sir, I never expected that we would first of all have a taxation measure before us for taxing tobacco dealers. Nor did I expect when the same Bill was formally introduced that we would be passing the same so quickly and that too in two days! All the same I would like to mention a word or two about the manner in which the present Bill had been presented to us. That was the complaint I made yesterday. I make it to-day also. Whenever a taxation measure is introduced, hon. Members of the House should be told in clear terms how much revenue the Government expect to get from such a taxation measure. Take for instance this Bill. Hon. Members of the House should know clearly on looking at the Bill how much money the Government would get by taxing the wholesale dealers of tobacco in our State. Then only we would be in a better position to judge the merits and de-merits of the Bill. Vague definitions do not serve any useful purpose. My only suggestion to the Government would be that whenever in future they introduce any taxation measure they should side by side give also a clear picture to the hon. Members of the House as to the exact revenue that would be derived from such taxation.

" Let me also impress on the Government another important point. As hon. Members are well aware we are now at the fag end of the session. Hon. Members have passed through a very strenuous session. Some of us are even feeling the absence from

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home for a considerably long time and are anxious to be back. When such is the situation and when hon. Members are fatigued and require rest, it is needless to say that it is not at all justifiable to bring in a taxation measure at the fag end of the session. Whenever a taxation measure is introduced it is absolutely necessary that all members of the House should watch the proceedings with rapt attention. Then only they would be able to contribute their mite to the discussion. They could offer salient criticisms only then. Surely such a thing could never be expected at the fag end of a Budget session when already some members have left and some are anxious to leave. What is it that we find now? Hardly a few members are adorning the chairs. With what object? It is because their presence may be required if at all a division is to take place. So I would request hon. Members of this House to bear this in mind and I may request Hon. Ministers, also that if at all they introduce any taxation measure in future, let them do so at the beginning of a session when Members' minds would be fresh and when they would be in a position to assimilate and digest the elaborate provisions of the taxation measure."

SRI PILLALAMARRI VENKATESWARLU:—"Sir, I would like to know why the Government have brought in the most controversial subject at the fag end of the session."

* THE HON. SRI C. RAJAGOPALACHARI:—"I must correct a mistake, Sir. We have not brought anything controversial at the fag end. This is a Budget session and after the Budget discussions had come to a close we have the present taxation measure. At the very beginning of the session itself hon. Members had been told that the said taxation measure would be introduced after the Budget. From the very beginning we had been discussing important subjects."

SRI PILLALAMARRI VENKATESWARLU:—"Why introduce it at the fag end of the session?"

THE HON. SRI C. SUBRAMANIAM:—"We cannot introduce it at the middle of the Budget discussion."

SRI PILLALAMARRI VENKATESWARLU:—"Mr. Speaker, Sir, as I had already observed we are a bit sorry that this measure of taxation had been introduced when hon. Members are tired after a strenuous Budget session. But in spite of that fact we on this side of the House had adopted a very reasonable attitude. If at all the Bill is going to be passed into law just now, let it be remembered that it is because of the reasonable attitude of the Opposition. It is our earnest wish to see that the middle classes and the poorer sections of our people are not affected by this tax. That is why we had pleaded for the taxing of the rich wholesale dealers. It is our earnest wish that the poor N.G.Os. and other poor people who smoke should not be unduly burdened by raising the price of the kind of cigarettes or beedies they smoke. I am glad the Government had also been quite reasonable in exempting the beedi and other inferior quality cigarette manufacturers from

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the purview of this Bill. Government should try to tax the rich and not the poor. I am glad Government had been wise in that direction. They had exempted beedi manufacturers and manufacturers of inferior cigarettes from the purview of this Act. The poor smoker had been spared. I am glad about it.

"With these words I give my support to the Bill, Sir."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—"Sir, at the outset let me refute the allegation that we had brought this taxation measure at the fag end of the session and that too with insufficient notice to the Members. Hon. Members may perhaps be well aware of the fact that the Hon. Finance Minister had even at the outset while presenting the Budget indicated that this measure of taxation was the only one that the Government proposed to bring forward during this session. That had been clearly indicated in the Budget speech of the Hon. Finance Minister. Another thing also should be noted. We had actually published the Bill on Sunday morning. Actually we had circulated to the hon. Members of the House copies of the same immediately. Let it not be said that we are introducing the same at the fag end of the session. Just now we had passed through the Budget. And then we had very important legislative work to face immediately after the Budget. Measures of far-reaching importance like the non-extension of the life of district boards, the Malabar Tenancy Bill and the like had to be passed. Those could not be delayed because those are also measures of great concern to the common man. Immediately afterwards we have now introduced the present taxation Bill. Let it also be remembered that this is the only taxation measure the Government are bringing before the House. Surely when such is the case we cannot be accused of bringing in purposely at the fag end of a session a taxation measure.

12-20
p.m.

"As a matter of fact, if there is more delay in passing this Bill into law, as I explained yesterday, the difficulties experienced by the poorer sections of the people in getting their smoking needs will be increased and the middlemen will be making huge profits, and I think about Rs. 20,000 to Rs. 30,000 per day will be lost and that will be taken away by the middlemen."

MR. SPEAKER :—"The Leader of the Opposition wants to say something."

SRI P. RAMAMURTHI :—"Sir, all that I want to say is that the amendment that has now been brought forward by the Government could not have been moved but for the fact that the detailed consideration of the Bill was taken up to-day. Government had sufficient time to hear the views of the Opposition at the general discussion and instead of that if they had persisted that the detailed consideration of the Bill also should have been taken up yesterday, then we would not have been able to achieve the result that we have achieved to-day. Therefore, I suggest that in regard to all these things, it is very necessary to give as much time as possible for proper consideration."

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* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—“ So, Sir, in the circumstances I have stated already, we had to go through the Bill as we have done.

“ Sir, I may not be complete in my task if I do not express a word of gratitude on this occasion to the Leader of the Opposition. He has been very considerate throughout and he has done his very best, along with other hon. Members of the House, so that we were able to get through this Bill without much difficulty and I thank every one in this House for his kind co-operation. I am sure the benefits that we bestow through this Bill on the public will be realized ere long.

“ I now request the House to pass the Bill.”

* THE HON. SRI C. SUBRAMANIAM :—“ Sir, I rise only to echo the feeling that was expressed by my Colleague at the end of his speech that there was very good co-operation from the Leader of the Opposition and also from the members belonging to the Opposition. If this spirit of co-operation continues I am sure we will be able to get through all work expeditiously and if we are able to get through work expeditiously, it will be in the interests of the State as a whole. I do agree with the Leader of the Opposition when he says that there was not sufficient time for them to study the Bill. But, I am sure he appreciates the difficulties of the Government also, because we had first to frame the Bill, then finalise it and then go through it again to see that the wording has been properly and correctly put in. That is why we could not give longer notice of this Bill. In regard to taxation Bills, sometimes it is rather difficult and it is dangerous to give longer notice. In such circumstances, I am sure the hon. Leader of the Opposition and other Opposition members will appreciate the difficulty in this matter.

“ I must also thank all the hon. Members of the House for their kind co-operation in this matter and with their co-operation we have been able to get through this Bill and the other Bills also expeditiously.

“ I may inform hon. Members that we will be meeting in the afternoon at 3 o'clock to-day for a few hours, before we disperse. As soon as this Bill is passed, I request the Speaker to adjourn the House so that we may meet again at 3 o'clock.”

MR. SPEAKER :—“ I shall now put the motion to the vote of the House. The question is—

‘ That the Madras Tobacco (Taxation of Sales and Registration) Bill, 1953, as amended be passed into law.’ ”

The motion was carried and the Bill was passed into law.

MR. SPEAKER :—“ The House will now rise and meet again at 3 o'clock.”